

§ 614.4610

investment by institutions of the Farm Credit System.

[46 FR 51886, Oct. 22, 1981, as amended at 55 FR 24886, June 19, 1990]

§614.4610 Obligations eligible for discount or purchase.

Any obligation the proceeds of which could have been advanced to an eligible borrower by any association funded by the bank shall be eligible for discount by or purchase from an OFI, as set forth in part 613 of these regulations and the limitations contained therein, including §§613.3010(b)(1) and 613.3030(d). Loan participations purchased by an OFI shall be eligible for discount by or purchase from an OFI. The bank is authorized to take corrective measures if this authority is being used to circumvent the intent of these regulations. The banks shall be responsible for providing OFIs with any additional lending and borrower eligibility guidelines which may be provided to associations.

[46 FR 51886, Oct. 22, 1981, as amended at 55 FR 24886, June 19, 1990; 62 FR 4445, Jan. 30, 1997]

§614.4620 Multiple ownership.

Where two or more entities combine resources to form an OFI to apply for access to a bank, the request for access shall be evaluated according to the criteria set forth in §§614.4545 and 614.4550 of this subpart. The bank shall in no event be required to discount for, purchase from, or extend credit to such an OFI with respect to any obligation originated by one of its affiliates which is itself ineligible under the criteria set forth in §614.4550 of this subpart.

[46 FR 51886, Oct. 22, 1981, as amended at 55 FR 24886, June 19, 1990]

§614.4630 Insolvency of an other financing institution.

(a) If an OFI having access to a bank becomes insolvent or is in process of liquidation, or if it fails to service its loans properly, and where supervision or orderly liquidation will be facilitated by direct handling of the obligations of the note makers, the bank may, with the consent of the Farm Credit Administration, take over such obligations for orderly liquidation. Ob-

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ligations pledged with the bank by an OFI, either as collateral for a direct loan or as additional security for any and all indebtedness of the institution to the bank, also may be taken over and handled directly with the makers after a title has been acquired in accordance with the provisions of applicable laws and the terms of the pledge agreements executed by the OFI involved. The bank's authority to handle obligations directly includes the authority to make additional advances, to grant renewals and extensions, and to take such other actions as may be necessary to collect the loans. Direct liquidation of obligations carried for an OFI should be resorted to only in cases where other measures have failed, and it is apparent that direct liquidation is the only practicable means available to the bank for protection of its interest.

(b) Obligations handled for an insolvent OFI as provided in this section shall not be assigned as collateral for bonds without the approval of the Farm Credit Administration.

(c) As to obligations which a bank has taken over from a defaulting OFI for liquidation, interest shall be collected according to the terms. Renewals of such obligations, when directly payable to the bank, shall bear interest at a rate not to exceed the maximum rate that may be charged by OFIs on obligations eligible for discount by the banks at the time of renewal.

[46 FR 51886, Oct. 22, 1981, as amended at 55 FR 24886, June 19, 1990]

§614.4640 Rates and fees.

Interest on loans to OFIs shall be charged and collected at same rate and on the same basis as to associations. Except as provided in §614.4560(b) of this subpart, a bank may charge servicing fees in connection with credit extended to financing institutions provided comparable fees are charged to associations.

[56 FR 2674, Jan. 24, 1991]

§614.4650 Basis for revocation of access.

(a) A bank may revoke or suspend the credit line of an OFI for cause. The following may be cause for revocation.